



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF EDUCATION
JUDY A. JEFFREY, DIRECTOR



DATE: September 21, 2009
TO: Iowa School Administrators
FROM: Jeff Berger
SUBJECT: ARRA – September Payment/Earned Interest

Your September state foundation aid will be provided in two payments: 1) regular state aid and 2) American Recovery and Reinvestment Act (ARRA) State Education Fiscal Stabilization Funds in lieu of state aid. The summary of the break-outs for September State aid can be found on the Department of Education's website at this location - http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1626&Itemid=2422 – shows both amounts.

Account Coding for ARR funds received in the September State Aid payment cycle are:

- Source/Project 4034 State Fiscal Stabilization Fund - Education State Grants (State Aid) (CFDA 84.394)
- Source/Project 4035 State Fiscal Stabilization Fund - Education State Grants (Teacher Professional Development) (CFDA 84.394)
- Source/Project 4036 State Fiscal Stabilization Fund - Education State Grants (Instructional Support) (CFDA 84.394)

The ARRA Education Fiscal Stabilization funding for sources 4034 and 4036 received is not miscellaneous income and does not increase spending authority. Funding for 4035 IS misc. income. Separate accounting is necessary and reporting will be required. Reporting will include data on jobs created, jobs saved, uses of funds, and amount of funds expended.

A note on interest-bearing accounts and ARRA funding:

The timing of the receipt of some ARRA funding may create a situation where the funding is received too late in the fiscal year to cover prior expenditures. In these situations, the receiving entity may need to place the funds in an account to carry the funding forward. If these accounts are interest-bearing, the receiving entity must track the amount of interest earned by each individual CFDA number and may need to return that interest earned to the federal government. Separate accounting codes will be provided on each category of ARRA funding. The project codes for the ARRA funds are available on the web at

http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1731&Itemid=2528#account_codes.

Per 34 CFR Subtitle A (7-1-03 Edition) Section 80.21(i) Authority: 20 U.S.C. 3474; OMB Circular A-102, interest earned on Federal advances deposited in interest bearing accounts shall be remitted annually to the US Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Please note the CFDA number to which the interest earned applies. On each CFDA number, if the amount of interest earned is **\$100** or less annually, that amount may be retained by the recipient for administrative expense. (Note the changed amount and citation).

If the funding received is being used, in its entirety, to cover an expense incurred prior to the receipt of funds, this provision does not apply. This is an audit issue with any federal funding and guidance indicates it is potentially a federal audit issue on ARRA funding, so attention to this detail is imperative.

Please contact Lisa Oakley at lisa.oakley@iowa.gov or 515-281-8485 if you have questions on the amounts. Contact Jeff Berger at jeff.berger@iowa.gov or 515-281-3968 for questions on interest income, appropriate expenditures or accounting for the ARRA funds.

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